

UNCLASSIFIED

Iraq

Status Report

October 27, 2010



Bureau of Near Eastern Affairs
U.S. Department of State

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HIGHLIGHTS



- **Iraqi Supreme Court Rules Delay in Parliament Session Unconstitutional**
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POLITICAL – Governance & Legislation



Government formation negotiations continue

Iraqi Supreme Court Rules Delay in Parliament Session Unconstitutional:

- **Iraq's Federal Supreme Court ordered Parliament to resume its sessions, calling the delay in convening parliament unconstitutional. Acting speaker Fouad Massoum promised to assemble again within days, but some politicians are wary that holding the session will cause more problems as government formation negotiations have not been finalized. A leading civil society organization originally brought the case to the Supreme Court. The organization now says that if lawmakers do not convene the session again soon, "we will go to the court and ask them to dissolve Parliament." Once parliament convenes, the Iraqi Constitution outlines a very specific timetable: members choose a speaker and two deputies, and within 30 days and by a two-thirds majority, a president. The president has 15 days thereafter to name the head of the largest parliamentary bloc to form a government, a task which must then be completed in 30 days.**

POLITICAL – Governance & Legislation



Government formation negotiations continue

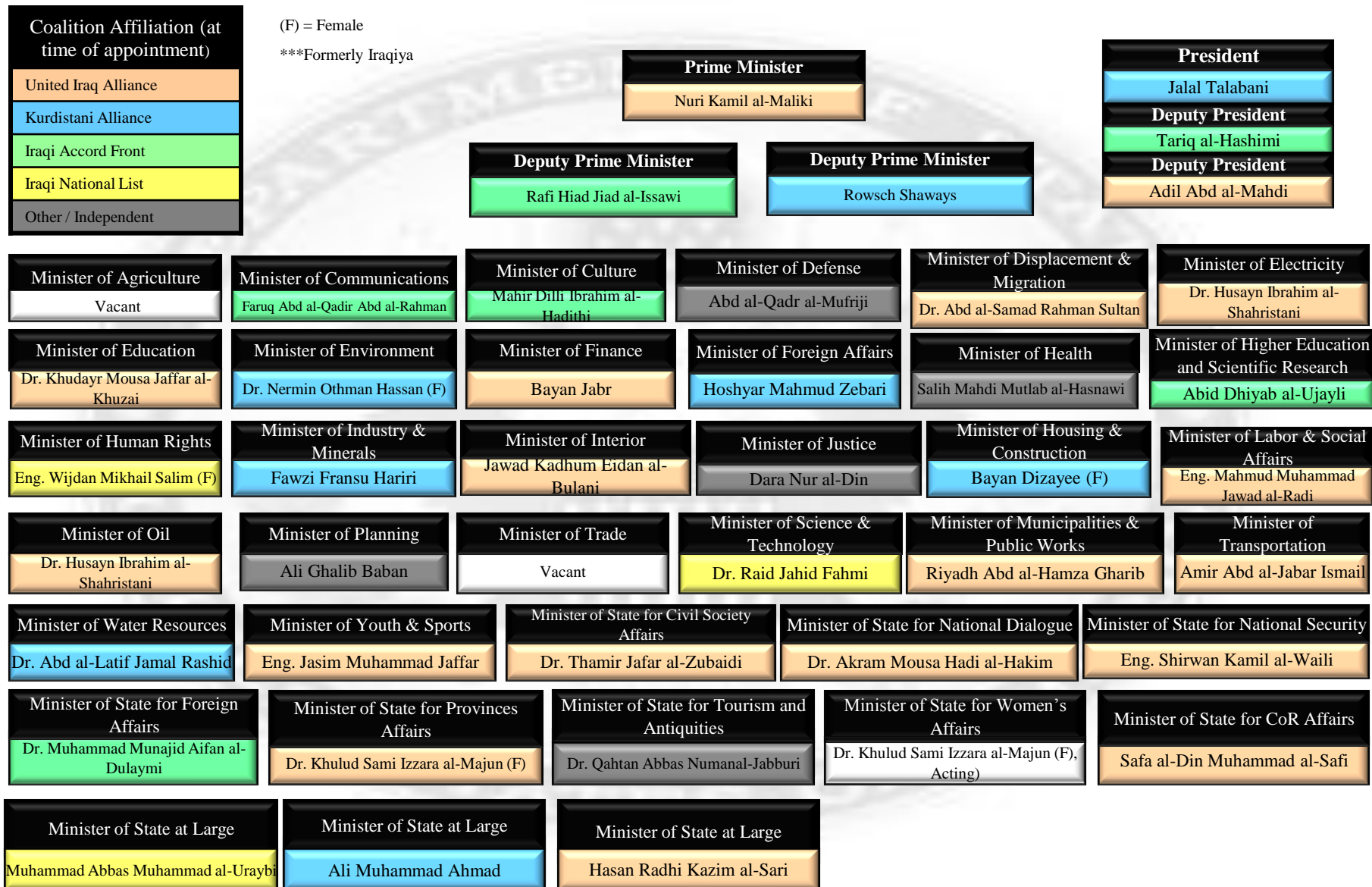
Maliki: Iraq Will Soon Have a New Government:

- Iraqi Prime Minister Nuri al-Maliki said on October 20 that Iraq would "soon" form a new government. "Discussions are taking place, we are now at the end of the tunnel, at the end of the road," Maliki told reporters in Cairo after a meeting with Egyptian President Hosni Mubarak. Maliki said that he and Mubarak had discussed the role of Egyptian companies in Iraqi reconstruction. "We need to have agreements with friendly countries for them to be partners of Iraq in the reconstruction process," he said, pledging to cut the red tape for Egyptian firms doing business in Iraq.

Tariq Aziz Sentenced to Death:

- Tariq Aziz, Saddam Hussein's former Foreign Minister, was given a death sentence by the Iraqi High Tribunal Court for crimes against humanity such as willful killing, torture, and disappearance of persons. Aziz's lawyers deny these charges, claiming he was only involved in Iraq's diplomatic and political realms, and are considering an appeal. It has not been announced when Aziz would be executed. Other former officials of Saddam Hussein's regime were also given death sentences on similar charges.

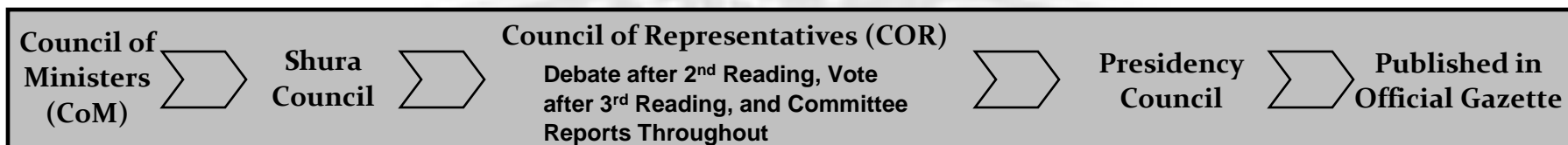
POLITICAL – Government of Iraq





POLITICAL – Key Legislative Issues

Legislative Process



- **Hydrocarbons Package:** The Framework Law was resubmitted to the Oil and Gas Committee on October 26, 2008 and then returned to the Council of Ministers. There has been no progress on the other three laws in the package.
- **NGO Law:** This law, approved March 3, will regulate the operations and funding of Non-Governmental Organizations operating within Iraq.



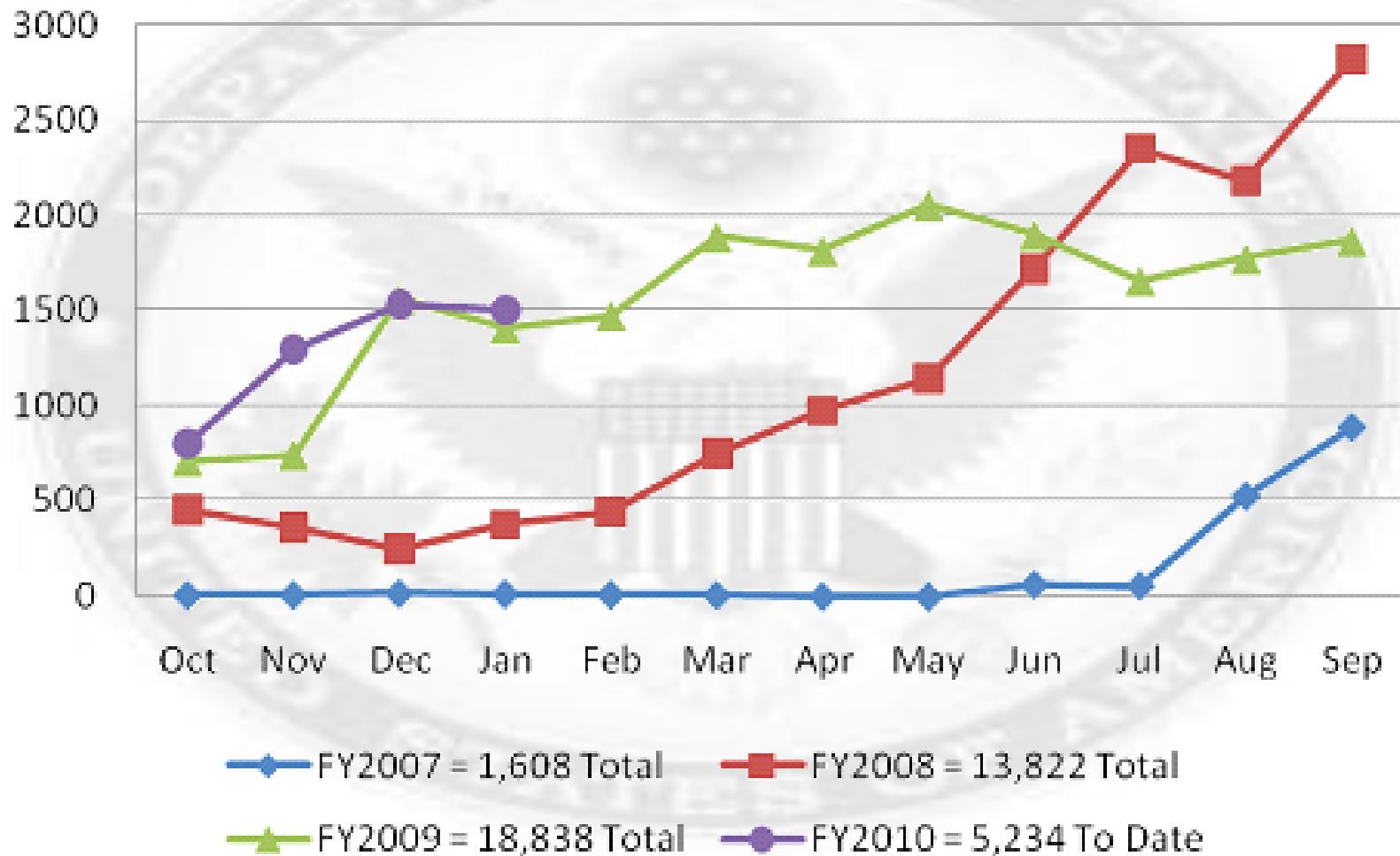
POLITICAL – Refugees

- **There are over 208,000 Iraqi refugees currently registered with the UN High Commissioner for Refugees (UNHCR) in neighboring countries and an undetermined number of unregistered refugees. UNHCR reports that 1.5 million Iraqis remain internally displaced due to sectarian violence following the Samarra Mosque bombing of February 2006.**
- **Since the beginning of 2008, over 515,000 Iraqis have returned to their neighborhoods in Iraq. The majority of the Iraqis returning were internally displaced persons.**
- **In FY10, the U.S. Government contributed \$355.8 million to international and non-governmental organizations to assist Iraqi refugees, internally displaced, and conflict victims.**
- **Since the program's inception in FY07, over 52,280 Iraqi refugees have been admitted to the U.S. for resettlement.**
- **As of September 2009, a total of 1,143 Special Immigrant Visas (SIVs) have been issued for Iraqi translators and interpreters (and their dependents) since FY07 (under the Section 1059 program).**
- **As of September 2009, a total of 1,716 SIVs have been issued for Iraqis employed by the U.S. government (and their dependents) since FY08 (under the Section 1244 program).**

POLITICAL – Refugees



Iraqi Admissions to the U.S.



SECURITY – Situation Update



Iraqi Security Forces bolstered by recently delivered equipment

Iraqi Security Forces (ISF) Bolstered by Recently Delivered Equipment:

- **As of October 14, ISF has received 35 M1A1 Abrams tanks and eight M88A2 tracked recovery vehicles as part of a comprehensive program to modernize Iraq's military. The remaining 105 tanks and recovery vehicles are scheduled for delivery by December 2011. U.S. Forces-Iraq and Iraq's Ministry of Defense developed a training program in 2009 to familiarize the Iraqis with the Abrams tank, and Iraqi soldiers demonstrated their training and new equipment during a ceremony on October 14 at Camp Iraqi Hero.**

Iraq to Review WikiLeaks Documents:

- **Iraq's National Security Council decided on October 25 to form a committee led by the Minister of Justice, with membership of the security ministries, to review and follow up on the "documents published by the WikiLeaks website," according to a statement by the official spokesman of the Iraqi government. The Council called for preciseness and objectivity in dealing with sensitive issues and reports and said it will hold to account anyone who has violated the rights of Iraqi citizens.**

SECURITY – Situation Update



Iraqi Security Forces bolstered by recently delivered equipment

Maliki Calls for International Help in Removing Mines From Iraq:

- **Iraq called for international help on October 25 to clear an estimated 20 million mines which threaten more than a million Iraqis in one of the world's most heavily mined countries. "Removing mines from Iraq is difficult because there are no maps to indicate the mined areas," Prime Minister Nuri al-Maliki said at a landmines conference in Baghdad. "That is why we need the effort of donor countries and the experience of the international community," he told representatives of donors to Iraqi reconstruction. Since 1991, an estimated 8,000 Iraqis, among them 2,000 children, have been killed or maimed by mines and cluster bombs, according to United Nations figures. Daniel Augstburger of the United Nations Assistance Mission for Iraq (UNAMI) said 1.6 million Iraqis are affected by landmines, and that 90% of the contaminated land is agricultural. Iraq's National Security Advisor also commented that unexploded mines "can be used by terrorists" at a time when security forces are trying to put down an Al-Qaida insurgency and sectarian strife.**

ECONOMIC – Oil



Crude oil average closing prices

Price averages in world markets closed with the following prices:

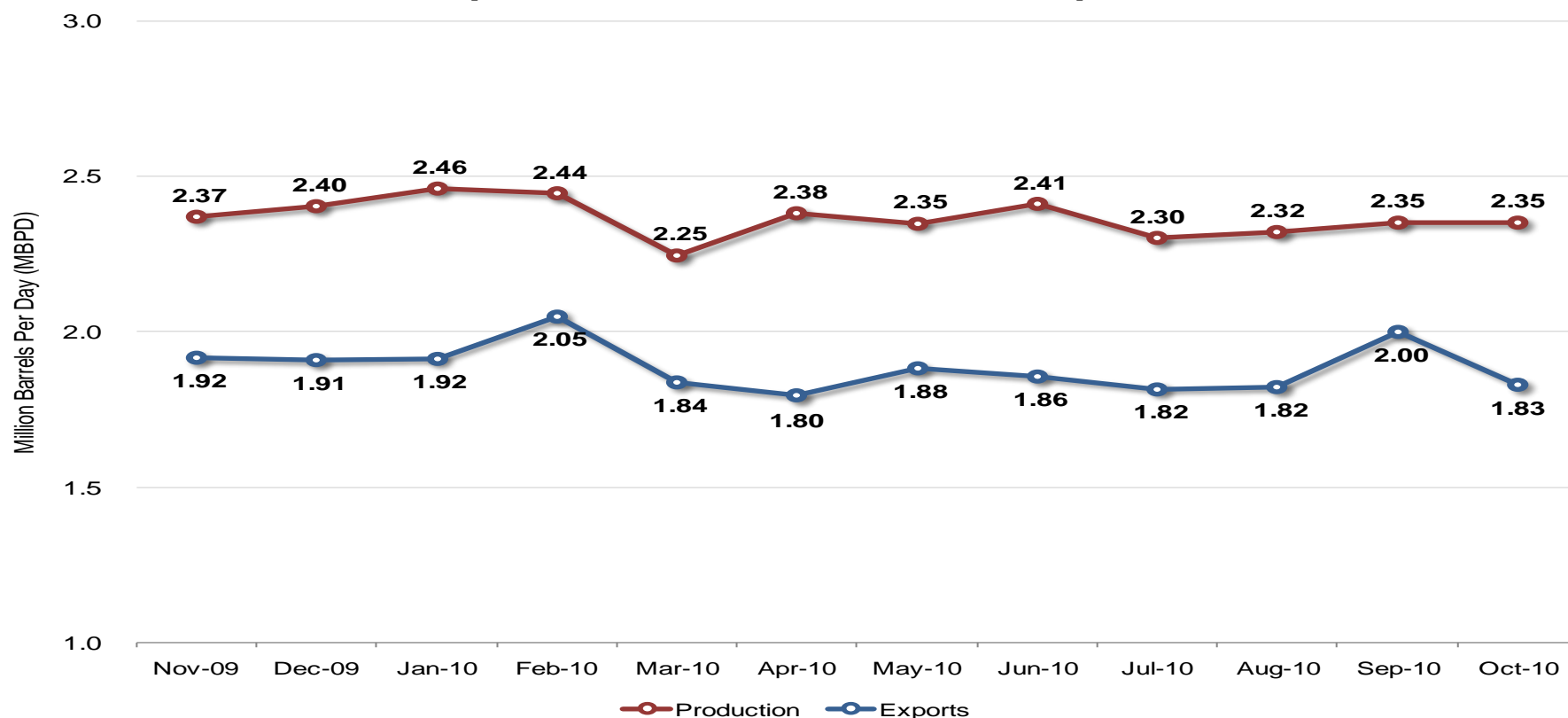
Basrah Light: \$80.06/barrel

Dated Brent: \$81.95/barrel

WTI Cushing: \$81.11/barrel

Oman/Dubai: \$79.90/barrel

Iraq Crude Oil Production and Exports



Iraq's Oil Revenue

2008: \$61.9 Billion

2009: \$39.2 Billion

2010 (ytd estimate): \$41 Billion

ECONOMIC – Oil and Gas



GOI awards contracts for development of gas fields; IMF lowers predictions on Iraqi oil production

International Consortia Win Rights to Develop Iraq's Major Gas Fields:

- In its much-anticipated gas fields auction held on October 20, Iraq awarded the development rights for Akkas, Mansouriya, and Siba to international consortia. Akkas went to a 50-50 Kazakh-Korean partnership that beat a French-Turkish consortium by bidding \$5.50 per oil-barrel-equivalent for 400 million cubic feet of gas produced per day over a 13 year period. Mansouriya went uncontested to a Turkish-Kuwaiti-Korean consortium that bid \$7.00 per oil-barrel-equivalent for a production plateau of 320 million cubic feet per day for 13 years. Lastly, Siba went to a joint Turkish-Kuwaiti venture at a bid of \$7.50 per oil-barrel-equivalent for 100 million cubic feet produced per day over a nine year span. After the auction, Oil Minister Hussein al-Shahristani shared his hopes that the gas production will help jumpstart Iraq's economy and create jobs for the estimated 28% of the population currently unemployed. However, members of Iraqiyya have claimed that the gas contracts are illegal because they require parliamentary approval.

ECONOMIC – Oil and Gas



GOI awards contracts for development of gas fields; IMF lowers predictions on Iraqi oil production

IMF Predicts Drop in Iraqi Oil Production During Loan Status Review:

- In a report released on October 20, the IMF lowered its forecasts for Iraq's 2011 oil production, dropping earlier February predictions down from 2.9 million barrels per day (bpd) to 2.8 million bpd. The IMF increased its projection for oil production in 2012 slightly, however, from 3.1 million bpd to 3.2 million bpd. The IMF indicates that these modifications were made due to the unreliability of the Kirkuk-Ceyhan pipeline, the unstable political climate, and the lower-than-expected 2010 totals thus far. This latest report is a review of the status of Iraq's \$3.7 billion standby loan, of which \$1.2 billion has already been granted.

ECONOMIC – Fiscal and Monetary Affairs



GOI continues to plan FY2011 spending budget

Economic Indicator	This Week	Last Week	Last Month	Last Year
Iraqi Debt Swap Bond Prices and Yields				
Price (USD)	\$91.01	\$89.08	\$85.84	\$64.50
Yield	6.69%	6.89%	7.25%	10.32%

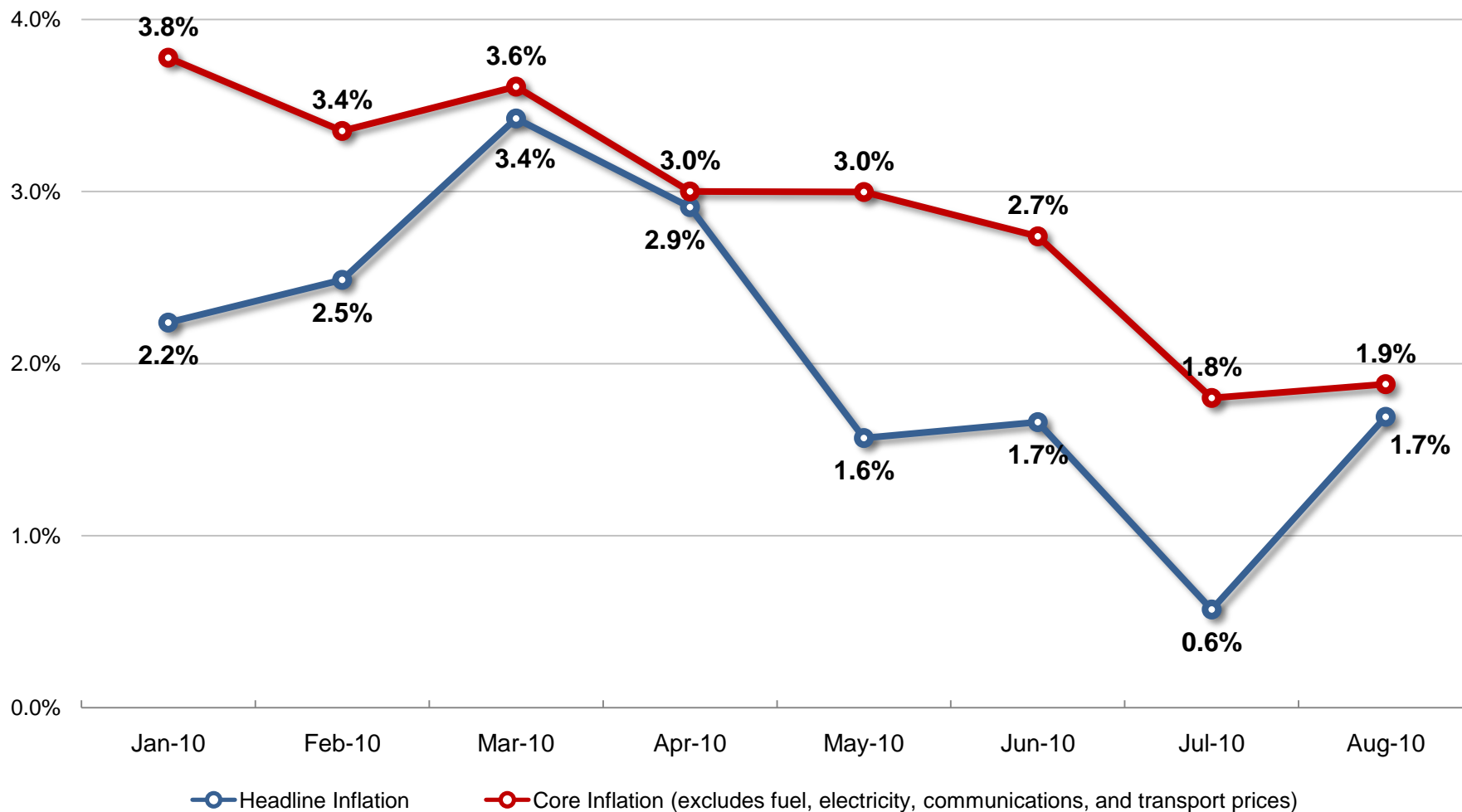
GOI Projects FY2011 Budget to be \$86.4 Billion, Assumes \$70/barrel Oil Price:

- The GOI resumed discussions on October 26 regarding the FY2011 draft budget, currently projected to total \$86.4 billion. Minister of Finance Jabr al-Zubaidi said that this number assumes 2011 oil prices will average \$70 per barrel, an increase from the amount of \$62.50 used to calculate the FY2010 budget. In earlier comments made on June 10, Zubaidi predicted that Iraq's oil sales will "almost" finance the anticipated \$18 billion FY2010 deficit, a decrease of \$1 billion from FY2009's deficit. He also indicated that the GOI would aim to increase its spending to \$100 billion by 2013. On a related note, National Investment Commission Chair Sam Al-Araji told the media on October 19 that the GOI's 2010-2014 national development plan will bring up to \$600 billion in housing, electricity, and telecom-related public-private partnerships into the Iraqi economy.

ECONOMIC – Fiscal and Monetary Affairs



Iraq: Year-on-Year Inflation

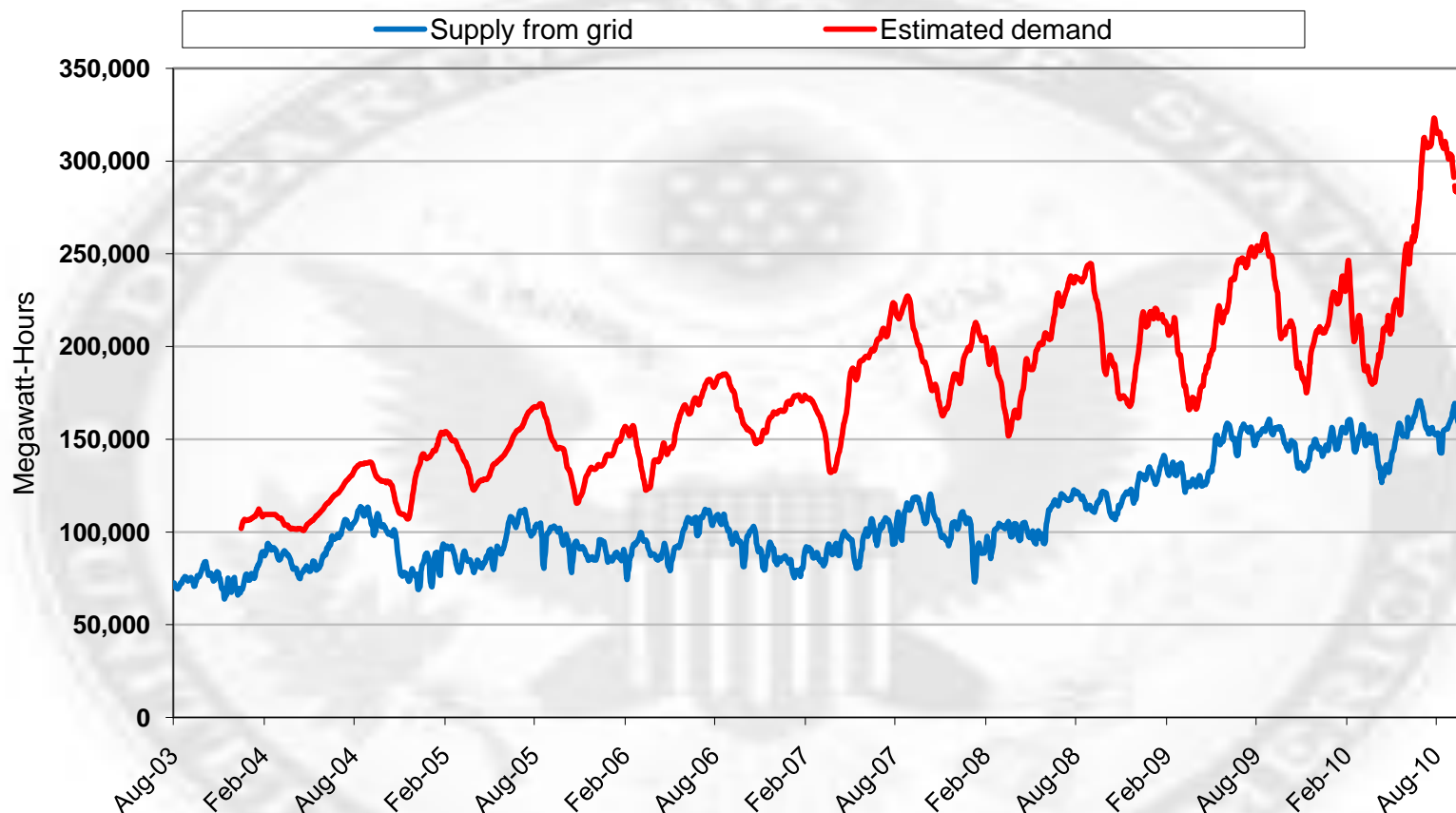


- In 2010, the Central Bank of Iraq began using a new Consumer Price Index. As a result, year-on-year inflation data prior to January 2010 cannot be directly compared.

Public Services – Electricity



Daily Electricity Supply from the Grid and Estimated Daily Demand



- October 18-24 supply from the grid was 1% above the year-earlier period and met 56% of estimated demand compared with 73% for the same period in 2009.
- Grid supply has fluctuated narrowly since May 2009 while estimated demand continues to be 20%-30% above year-earlier levels. As a result, while percentage served has risen from its summer low, it is still well below its level at this point in 2009.

ECONOMIC – Public Services



Iraq's public services, civil institutions ranked fourth most corrupt

NGO Links Political Instability, Corruption To Stunted Economic Development:

- **Iraq has recently been ranked as the fourth most corrupt nation in the world by Transparency International (TI), an organization which monitors global corruption. An official stressed the need for the international community to put credible governing structures in place in so-called "failed states," suggesting that the high corruption index was a direct indicator of "serious" political instability and serves as a hindrance to economic development, financial reform, and climate change. "Allowing corruption to continue is unacceptable; too many poor and vulnerable people continue to suffer its consequences around the world," said TI's president Huguette Labelle.**

ECONOMIC – Industry Spotlight



Iraq's first cancer treatment center opens

International Partners Work with Iraq to Construct Cancer Hospital for Children:

- Due to sharp increases in the incidences of childhood cancer in Basrah, Iraq has partnered with the U.S., Spain, Oman, the United Arab Emirates, the UN Development Programme, and Project Hope to build Iraq's first specialist cancer hospital. "Leukemia among children under 15 has increased by about four times," said Dr. Janan Hasan of the Basrah Children's Hospital. "Most are high-risk cases, which means that they do not have a high survival rate." Instances of childhood leukemia in Basrah have risen from 15 in 1993 to 97 in 2006; exposures to hazardous materials due to industrial pollution and frequent warfare in the region have been suggested as possible reasons for such high cancer rates. Some needs remain unmet, however, as the hospital continues to lack advanced equipment, labs, and certain medications. On October 21, India announced its interest in establishing a second large, modern hospital and medicine factory in Kut, the capital of Wasit.

Baghdad and Beyond



Canned Produce in Baghdad

Baghdad

“...we will help Iraq's institutions strengthen their capacity to protect the rule of law, confront corruption, and deliver basic services.”

President Barack Obama

Recent Highlights

PRT-Baghdad, working in partnership with an NGO, provided training for local women on food safety and preservation. Due to the intense heat and lack of electricity in many rural areas of Baghdad, keeping food cold enough to get to market can be difficult. PRT Baghdad and its partners are using creative techniques to address these challenges. Following the ten-day training, each woman received a starter kit to begin preserving food on her own. Sarmad Kamel, founder of al-Shahab, which helped implement the training, described the training as very valuable because it allows “women who are widows or whose families were displaced to support themselves and their families.”

Kirkuk

PRT Kirkuk's Rule of Law division is strengthening judicial security in Kirkuk by assisting the director of the General Directorate of Dignitary Protection (GDDP) in supporting judicial security initiatives. This week, the GDDP briefed 33 local judges as part of an overall strategy to build confidence in the judiciary and to increase their independence.

CONTACT INFORMATION



This brief draws from multiple sources. References are cited on the following pages.

For additional information, please see:

- **Department of State, Section 2207 Report on Iraq Relief and Reconstruction**
<http://2001-2009.state.gov/p/nea/rls/rpt/>
- **Department of State, Section 1227 Report on Iraq**
<http://2001-2009.state.gov/p/nea/rls/rpt/>
- **Department of Defense, Section 9010 Measuring Stability and Security in Iraq**
http://www.defenselink.mil/home/features/Iraq_Reports/index.html

Please forward all questions and/or comments to:

NEA-I-IPOG-DL@state.gov



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- New York Times, October 24, <http://www.nytimes.com/2010/10/25/world/middleeast/25iraq.html>

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- New York Times, October 26, www.nytimes.com/2010/10/27/world/middleeast/27iraq.html?partner=rss&emc=rss

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- Aswat al-Iraq, October 25, <http://en.aswataliraq.info/?p=138288>

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Slide 18:

- AFP, October 26, http://www.google.com/hostednews/afp/article/ALeqM5iSFyBa_bvr2mo7eNrgsCwk4bPwSg?docId=CNG.50b44b0ae-a4ba2dbadb9d1c647bbd4bc.d1

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- October 22, AFP, http://www.google.com/hostednews/afp/article/ALeqM5jL2khSyB7h0BsZtk42tI4_-TIgMA?docId=CNG.2f057538640f1e680daa7203d3609eff.791

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- PRT Weekly Summary, Executive Summary, October 17 – 24, 2010
- Source for President Obama's Quote: http://www.whitehouse.gov/the_press_office/Remarks-of-President-Barack-Obama-Responsibly-Ending-the-War-in-Iraq/
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